https://www.financial-planning.com/news/advisor-confidence-rebounds-slightly-from-all-time-lows

Advisor confidence inches upward from all-time lows
By Rob Burgess
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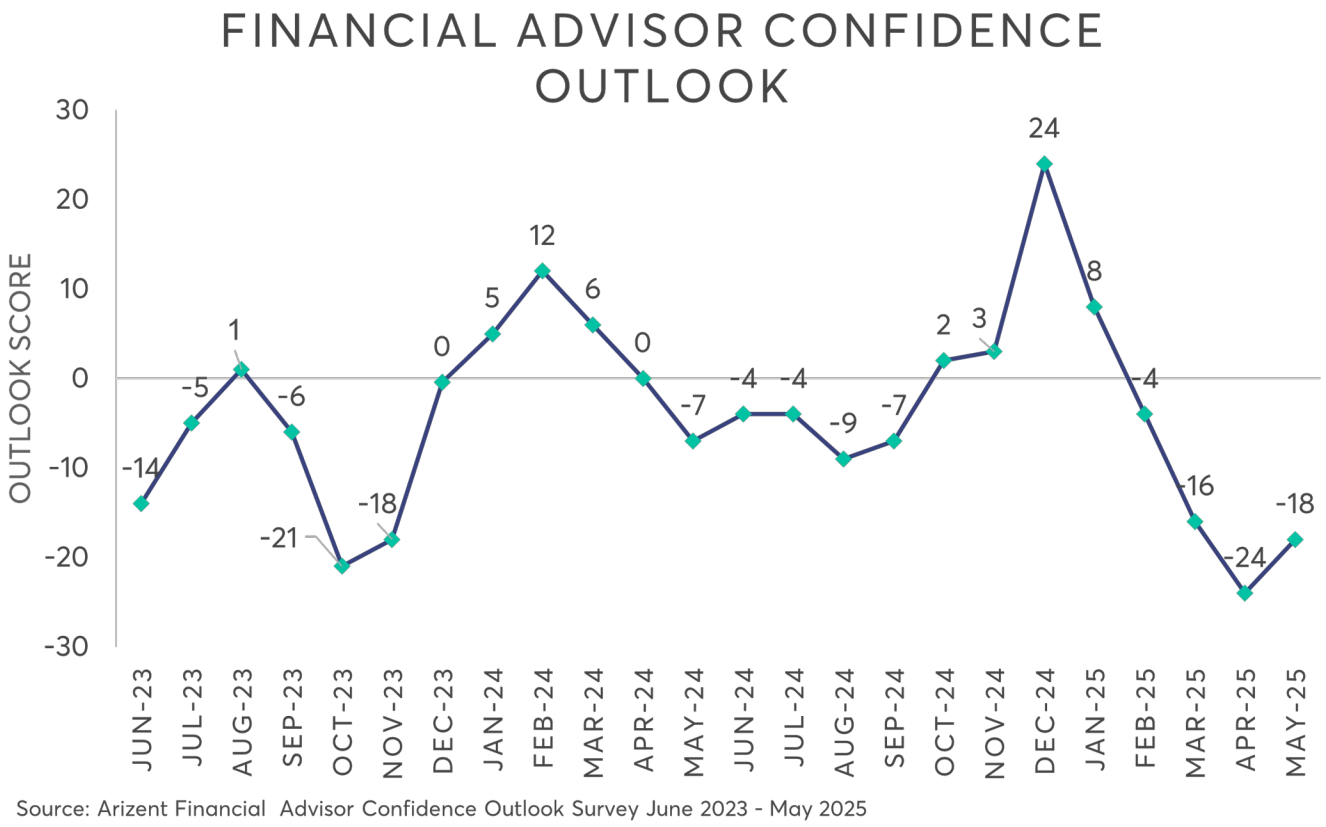
After reaching new lows last month, financial advisors' confidence levels have rebounded slightly but remain generally negative.

That's the overall sentiment reflected in the May Financial Advisor Confidence Outlook (FACO), a survey of financial advisors and planners by Financial Planning. Every month, FACO surveys hundreds of advisors, measuring their confidence in the economy and other factors on a scale of minus-100 to 100. (The survey began in March 2015, known then as the Retirement Advisor Confidence Index, later the Retirement Advisor Confidence Outlook and most recently as FACO.)

After last year's elections, advisors' overall confidence bounced upward, reaching a score of 24 in December 2024. But those gains were short-lived, dropping to a staggering minus-16 by March.

The landscape looked even bleaker last month, as the overall confidence score dropped to minus-24, an all-time low for the survey.

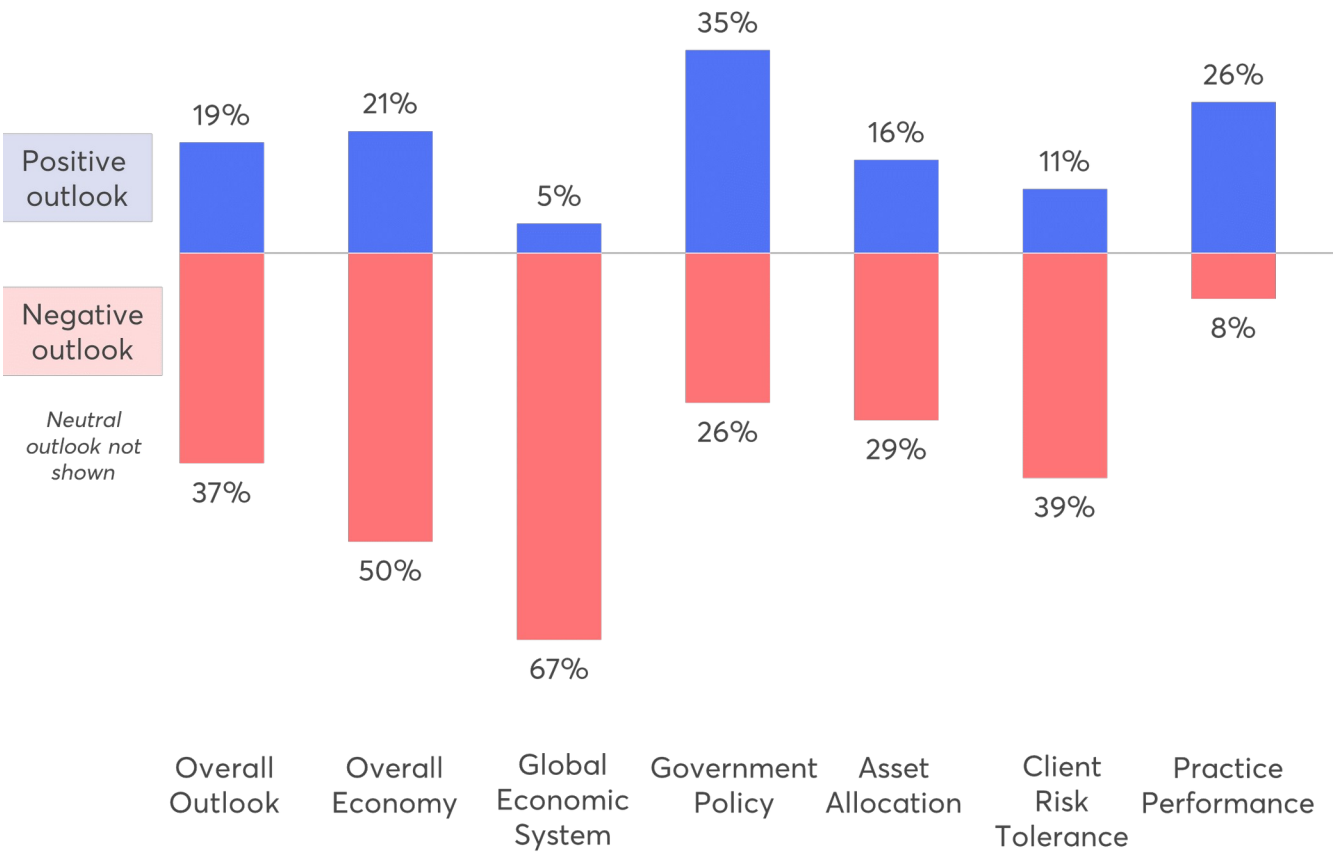
In May, advisor sentiment was up by six points to minus-18.



Source: Arizent Financial Advisor Confidence Outlook Survey June 2023 - May 2025

Just as it was last month, the unpredictability, especially around tariffs, that has been the hallmark of the first months of President Donald Trump's second term has weighed heavily on the minds of advisors and their clients.

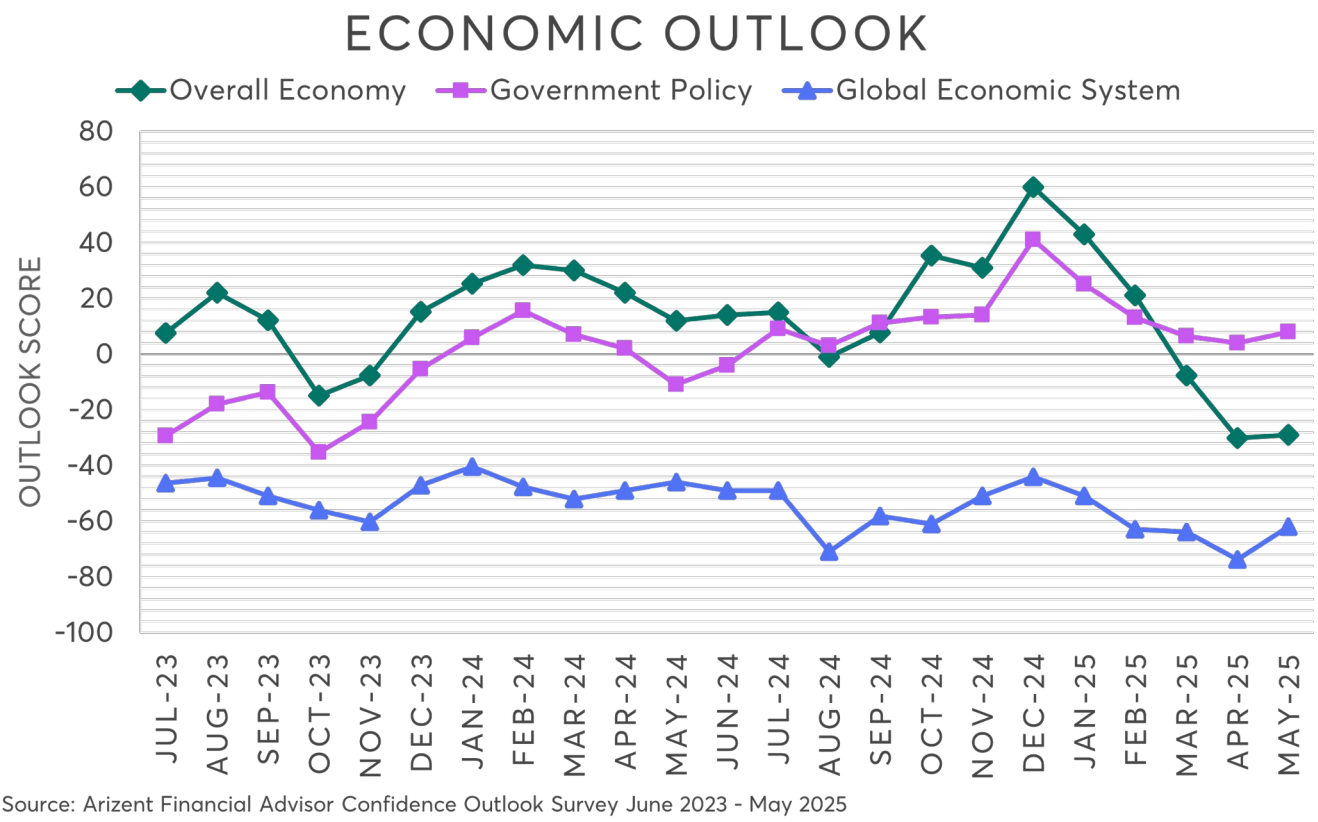
"Everyone is on hold with the nonsensical actions of this president," said one advisor. "Rules change multiple times a day."



Source: Arizent Financial Advisor Confidence Outlook Survey May 2025
Base: 323 Financial Advisors

Another advisor who responded to the survey said their worries sprang from "the impending financial crisis created by the continuously increasing authoritarian fascism and dictatorship in U.S. markets by the Republican Party."

One drag on confidence levels was the continued pessimism around the overall economy. In April, advisors' confidence in the overall economy dropped to an all-time low score of minus-30, and May's single-digit rise to minus-29 wasn't much better.



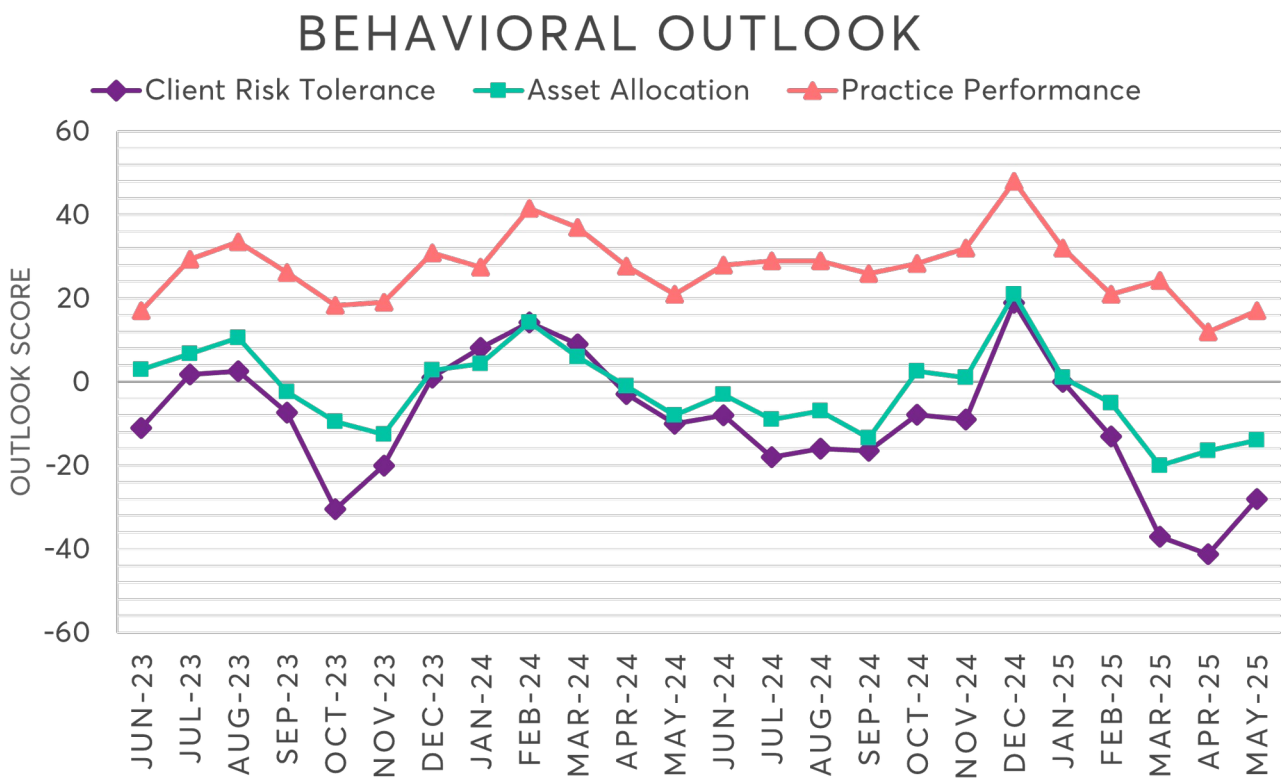
Source: Arizent Financial Advisor Confidence Outlook Survey June 2023 - May 2025

"The prospect of stagflation or prolonged recession is a scary probability due to the unnecessary tariff policy imposed by the incompetent administration," said one advisor.

Confidence in the global economic system was still weak, though a bit stronger than last month, when the figure hit a rock bottom of minus-74. In May, it rose to minus-62, a 12-point bounce.

One advisor said they were closely watching the tariffs, which have created volatility in global trade.

"I have stop-loss triggers," they said. "None have fired yet, but we remain diligent."



Source: Arizent Financial Advisor Confidence Outlook Survey June 2023 - May 2025

The view advisor confidence in asset allocations was also still in the red. In April, it reached minus-17, but this month, it was up three points to minus-14.

"The tariffs and inflation are making our business outlook more uncertain for the coming months and we have to be more conservative with our asset allocations," said one advisor.

Another advisor said they were struggling with "trying to tell clients to stay the course."

"With the market going down my clients freak out, which they should really not sell any equities," they said.

Client risk tolerance levels were still negative but saw a marked increase: In April, the client risk tolerance score fell to an all-time low of minus-41; it rose by 13 points to minus-28 in May.

"People want to have more protection," said one advisor. "They are finally learning that the infamous stock market is controlled by big money and the people who 'manage' their portfolios don't know a hell of a lot more than they do. Risk is a crap shoot."

One of the only areas in which advisors remained confident was practice performance, which jumped from a score of 12 in April to 17 in May.

Some respondents worried about the cost of their services, with one advisor commenting on "individuals not understanding the value I provide them as an advisor and not wanting to pay a fair fee."

Another advisor said they were anticipating raising their prices later this year due to "general inflation of technology products, licensing and designations."

Perhaps surprisingly, advisor confidence in government policy remained slightly positive, rising from a score of 4 in April to 8 in May.

One advisor said they were concerned about the "uncertainty in tax issues, such as state and local tax (SALT) deduction, real estate taxation, trust tax rates, estate tax rates, income tax brackets, Social Security taxes and benefits."